The Great Reversal: How the West Globalized the Automobile Industry, Financialized It, and Watched Asia Take the Lead

written by Jack Lifton | November 12, 2026

A personal view of fifty years of automotive globalization, from Detroit and Europe to Japan, Korea and China

I am 86 years old, and I have spent most of my adult life watching the automobile industry change. I began my career in the 1970s supplying production parts to the American OEM automotive assembly industry. By the end of that decade, I had entered the international OEM automotive assembly business, where I remained until I retired in 1999. Since then, I have continued to travel, observe, study and comment upon an industry that today bears surprisingly little resemblance to the one I entered more than half a century ago.

During those years I have watched the center of gravity of automotive manufacturing move steadily away from the United States and Western Europe, first toward Japan, then toward South Korea and finally, and on a scale unprecedented in the history of this industry, toward China. This transformation has generally been described simply as the globalization of the automobile industry. I think that description is inadequate. What I believe we have actually witnessed is a great reversal in

the direction of globalization itself.

When I entered the international automotive business in the late 1970s, globalization largely meant American and Western European automobile manufacturers moving outward into the rest of the world. Capital, tooling, components, engineering practices, management systems, and production knowledge flowed outward from Detroit, Wolfsburg, Turin, Paris, and Coventry. Japan began reversing that flow. South Korea accelerated the process. China has now transformed it completely. Today, the United States and Europe, confronted by the industrial consequences, are responding with tariffs, subsidies, local-content rules, investment restrictions, and other forms of protectionism. In my opinion, these are very late responses to an industrial transformation that has been developing in plain sight for nearly half a century. I am increasingly doubtful that the process itself can now be reversed.

The World I Entered in 1978

I use 1978 as my starting point deliberately. It was roughly when I entered the international OEM automobile business, but it is also a particularly revealing moment in the industry’s history. The American and Western European automobile manufacturers then possessed an extraordinary international reach. General Motors, Ford, Chrysler, Volkswagen, Fiat, Renault, Peugeot, Citroën, British Leyland and others participated in automobile manufacturing and assembly throughout Latin America, Africa, Australia, New Zealand, Asia, the Middle East and Europe itself.

The precise number of overseas assembly operations in 1978 is difficult to reconstruct because no universally applied definition of an assembly plant existed. Some were wholly owned manufacturing operations, some were joint ventures or licensed

manufacturers, and others were relatively small CKD or SKD assembly operations. My reconstruction of the industry puts the European OEMs at approximately 115 to 125 foreign assembly operations and the American Big Three at perhaps 50 to 60. I regard those figures as historical working estimates rather than audited industry statistics, and they should eventually be tested through an installation-by-installation census. Nevertheless, the exact numbers are less important to my argument than what the worldwide map of the automobile industry looked like. In 1978, automotive globalization overwhelmingly meant the Western automobile industry going outward into the world.

To understand why the American automobile industry reacted differently from its eventual Asian competitors, one must first understand an overwhelming advantage Detroit enjoyed: America had America. The United States possessed a gigantic, wealthy and extraordinarily automobile-dependent domestic market. General Motors (NYSE: GM), Ford (NYSE: F) and Chrysler could remain enormous corporations without achieving dominance in every important foreign market. They wanted international business, of course, and maintained extensive international organizations, but they did not depend on exports and foreign markets in the same way their future Asian competitors eventually would.

For decades this was one of Detroit’s greatest strengths. In the longer run, I believe it became one of its greatest weaknesses. A Japanese manufacturer seeking to become one of the world’s largest automobile companies had to sell successfully outside Japan. A South Korean manufacturer had an even greater need to export because its domestic market could never support the scale of the automobile industry that Korea intended to build. Detroit’s executives, however, could repeatedly return their attention to the world’s largest affluent automobile market. The profitability and scale of the American market protected them

from the immediate consequences of losing relative position abroad.

Japan Provided the First Warning

Japan was the first unmistakable challenge to this Western automotive order. Companies such as Toyota, Nissan and Honda faced a fundamentally different industrial arithmetic from Detroit’s. They could not rely indefinitely upon expansion inside Japan if they intended to achieve the scale of the world’s leading automobile manufacturers. Their growth strategy therefore required success abroad.

This created two very different corporate psychologies. An American automobile executive could reasonably ask why his company should expend enormous resources trying to penetrate an extremely difficult foreign market when it had this gigantic and profitable domestic market at home. The Japanese automobile executive faced virtually the opposite question. How could his company become one of the world’s major automotive producers unless it succeeded outside Japan?

Therefore, General Motors and Ford did not need to succeed greatly in Japan for Japanese manufacturers to eventually threaten them. Japan came to America instead. More importantly, Japanese manufacturers did not stop with exports. They eventually established automobile assembly operations in the United States, developed American supplier relationships, hired American workers, and progressively integrated themselves into the industrial economies of their foreign markets. Japan first exported automobiles and then exported automobile factories. The foreign competitor gradually became a domestic manufacturer.

The huge American domestic market softened the consequences of this transition. Detroit could lose relative international

position while remaining enormously profitable and enormously important. That experience taught me a lesson that I believe is essential to understanding what subsequently happened with China: a company can continue to grow while the world grows faster around it. Its factories may remain busy, its revenues impressive and its profits satisfactory while its relative industrial power is nevertheless declining. That distinction could remain concealed for a remarkable period inside an organization operating in a market as large as the United States.

Korea Repeated the Warning

South Korea followed Japan, but the economic necessity driving its international expansion was even more obvious. Korea's domestic market simply could not support the scale of automobile industry that the country intended to create. Exports, therefore, were not incidental to the development of the Korean automobile industry; they were fundamental to it.

Hyundai and eventually Kia entered international markets first with significant cost advantages, then progressively improved quality, engineering, styling, technology, and brand reputation. Looking back, it helps to remember how dismissively Korean automobiles were initially treated in the United States. Similar attitudes had earlier greeted Japanese automobiles. More recently, we have heard many of the same dismissals of Chinese automobiles. Industrial history has not been kind to established manufacturers that confuse an emerging competitor's current weaknesses with permanent incapability.

The Japanese and Korean experiences should also have taught us something else. Domestic protection of an emerging automobile industry and that industry's international ambitions are not contradictions. They can be sequential elements of the same

industrial policy. A country may protect or encourage its manufacturers while they accumulate scale, manufacturing competence, and supplier capability, then expect those manufacturers to compete aggressively outside the home market once they are sufficiently capable.

China Changed the Scale of the Problem

Then came China. Japan had demonstrated that an Asian industrial economy could challenge the Western automobile establishment. South Korea had demonstrated that Japan's experience was not unique. China, however, presented the Western automobile industry with both an opportunity and ultimately a competitive challenge of an entirely different magnitude.

When Western automobile executives began looking seriously at China, they saw an under-motorized nation with an enormous population and a rapidly developing economy. They quite properly saw hundreds of millions of potential consumers. I cannot criticize General Motors, Ford, Volkswagen or the other Western companies for wanting to participate. Indeed, any competent automobile executive looking at the potential growth of China's consumer economy would have had great difficulty explaining why his company should not participate.

I do, however, disagree with the conventional argument that the failure was simply that American automotive management did not understand China. I believe many of America's experienced automotive managers understood China remarkably well as a market and adequately as the incubator of a future global automobile industry. The people engaged directly in manufacturing, purchasing, engineering, supplier development, and international operations could see Chinese suppliers improving. They could see

engineers gaining experience, tooling competence advancing, localization increasing and infrastructure expanding. Anyone who had spent decades building an automobile supply chain understood, or should have understood, the industrial significance of what was occurring.

The more interesting question, therefore, is not why knowledgeable automotive people failed to see China developing. It is why their industrial knowledge progressively lost influence over long-term American corporate strategy. That question leads directly to another transformation that was occurring at almost exactly the same time: the financialization of American manufacturing.

The Financialization of Detroit

The American automobile industry in which I began my career certainly cared about money. Finance was important, cost accounting was essential and return on investment mattered. An automobile company that failed to make money would ultimately stop being an automobile company. But the industry I knew also gave substantial authority and respect to the people who understood the physical business of making automobiles. Manufacturing engineers, production people, materials specialists, tooling experts, purchasing executives, supplier-development people and experienced international managers had a meaningful voice in determining corporate strategy. Finance had a seat at the table, but so did manufacturing.

In retrospect, I believe the tension between them was healthy. A manufacturing executive could argue that a supplier capability needed to be maintained even though another supplier somewhere else was temporarily cheaper. An engineer could argue that a technology had to be preserved even though its near-term return did not meet a financial target. An international executive who

had spent twenty years studying a market could warn that something important was developing there that would not appear in the corporation’s next several quarterly reports. The financial executive could then properly demand that the cost be justified. Industrial judgment and financial discipline had to confront each other.

Over time that balance changed. The center of gravity of American corporate management moved increasingly toward finance and the measurements financial markets understand most easily: earnings per share, quarterly guidance, margins, return on invested capital, free cash flow, asset utilization, shareholder distributions, and stock-market performance. None of these measurements is inherently wrong. The problem arises when financial performance stops being one measure of industrial performance and becomes a substitute for industrial strategy itself.

The change in time horizon was particularly damaging. Automobile manufacturing simply does not operate on a quarterly clock. A vehicle platform takes years to develop. A supplier network can require decades to mature. A skilled tool-and-die industry is not created in a financial quarter. Neither is a battery industry, an electronics industry, an internationally competitive engineering organization or an industrial culture. China was developing on a much longer industrial clock while American publicly traded corporations were increasingly subject to a shorter financial clock.

A decision can be perfectly rational over three years and disastrous over thirty. A sourcing decision can lower a component’s cost immediately while helping another country accumulate the knowledge needed to manufacture it independently later. Closing an underutilized facility may improve returns today while permanently eliminating a capability that proves

strategically valuable fifteen years later. Outsourcing can reduce capital requirements while simultaneously transferring production experience, supplier relationships and technical knowledge to the party receiving the business. Conventional corporate accounting can calculate the current savings very precisely. It is far less capable of valuing the industrial knowledge that may have left the company with the purchase order.

What We Stopped Measuring

I call this the loss of material oversight. An experienced international manufacturing organization accumulates knowledge that does not appear on a conventional corporate balance sheet. It knows which countries are becoming technically competent, which suppliers are improving, where tooling quality is increasing, where engineering talent is accumulating and which governments are genuinely serious about developing domestic industries. It observes localization not simply as a percentage but as an industrial process. Most importantly, it can distinguish between a country that is buying automobiles and a country that is learning to make automobiles competitively.

That kind of institutional knowledge can develop only through continuity. The executive who observed Japanese manufacturing in the 1970s carried valuable experience into the 1980s. The person who watched Korean suppliers develop during the 1980s and 1990s possessed experience that should have been invaluable when evaluating China. An international purchasing executive who followed Chinese suppliers in 1995, 2005, and 2015 had something no current cost comparison could reproduce: memory. He could see the trajectory. In international industrial competition, trajectory is often more important than current position.

I believe American manufacturing progressively reduced the

strategic authority of precisely this kind of institutional knowledge. The knowledgeable people did not necessarily disappear all at once. The engineers remained, production people remained, purchasing organizations remained and international management remained. What changed was the institutional weight granted to their judgments when those judgments conflicted with more readily measurable financial objectives.

This is why I resist saying simply that General Motors or Ford failed to understand China. Significant parts of these enormous organizations undoubtedly understood much of what was happening. The tragedy, in my view, was that during precisely the period when an unprecedented industrial competitor was emerging, the American corporate system was changing the relative authority of the people best equipped to recognize the long-term consequences.

We May Never Know What Detroit Could Have Done

That raises one of the questions that troubles me most after a lifetime in the industry. What would America’s automobile companies have done differently if manufacturing, engineering, materials, purchasing, and experienced international management had retained strategic influence equal to financial management? Could the American automobile industry have adapted successfully to the Chinese challenge?

We will never know, because that experiment was never really conducted. Instead, during the very decades when China was building industrial capability, many American manufacturers were encouraged to reduce assets, outsource operations, maximize capital efficiency, concentrate on their most profitable businesses, and judge investments against increasingly rigorous

near-term financial criteria.

Perhaps China would still have prevailed. Its size, industrial policy and extraordinary economic growth may have made a major shift in the global automobile industry inevitable. But America surrendered part of an advantage that it unquestionably possessed: generations of accumulated knowledge about how industrial systems are created, operated, supplied, defended and improved.

This is why I see the problem less as a failure of intelligence than as a failure of corporate governance. The warning signals were visible, but the questions being asked at the highest levels were increasingly financial. What will this decision do to margins? What does it do to return on invested capital? What is its effect on earnings per share? How much capital can we release? Those are legitimate questions, but they are not a complete industrial strategy.

The strategic question was much larger: what will building this capability somewhere else mean to our competitive position twenty years from now?

China Was Building an Industry While We Were Measuring Corporations

China’s approach exposed the limitations of our way of thinking. A new Chinese automobile factory did more than produce automobiles. It trained workers. A joint venture did more than generate current sales and profits. It accumulated manufacturing experience. Increasing local content did more than reduce the need for imported components. It developed Chinese suppliers. Those suppliers hired engineers; engineers improved processes; better processes produced better components; better components

allowed better automobiles to be built. Greater volume accelerated the learning process, and that accumulated learning eventually enabled international competition.

The output of the system, in other words, was not simply automobiles. It was industrial capability.

That distinction is exceptionally difficult to capture in quarterly corporate accounts. No convenient line captures accumulated national tooling competence, no quarterly figure reflects institutional manufacturing memory, and no straightforward accounting treatment captures the competitive value of a generation of engineers learning to make increasingly sophisticated products. Yet over twenty or thirty years these may prove much more important than the financial advantages that originally justified transferring or localizing the production.

This is where financialization and globalization reinforced each other. Globalization offered lower costs, and financialization rewarded them. Outsourcing improved margins, which validated further outsourcing. Reducing capital intensity improved financial ratios, which encouraged additional asset reduction. The savings were measurable immediately; the loss of industrial capability might not become apparent for fifteen or twenty years. By then, the executives who made the original decisions might be gone, while the foreign industrial system that acquired the knowledge would be stronger than ever.

Nothing mysterious explains why this happened. Many of the individual decisions were perfectly rational. Buy the cheaper component, outsource the expensive process, close the underutilized factory, eliminate redundant capacity, concentrate on the most profitable vehicle categories, and return excess capital to shareholders. Each decision can be defended independently. The danger arises when thousands of individually

rational financial decisions accumulate into an industrial result that nobody consciously intended. A corporation can optimize itself financially while weakening itself industrially. An entire country can do the same thing.

The Difference Between the Chinese Market and the Chinese Industry

The distinction that I consider essential to understanding the Western experience in China is the difference between a market and an industry. The Western automobile companies saw China, quite correctly, as potentially the greatest new automobile market in history. China, however, was simultaneously developing the capability to become the world's greatest automobile industry.

Those objectives were compatible for a long time. Western manufacturers could make enormous amounts of money selling vehicles to Chinese consumers while China accumulated manufacturing skills, developed suppliers and expanded its engineering capabilities. For many years, Western corporate profitability and Chinese industrial development did not immediately conflict.

The contradiction emerged gradually. Chinese suppliers became more capable. Chinese engineers became more experienced. Domestic brands became more credible. Local component ecosystems deepened. Capital accumulated. Manufacturing scale became enormous. The Chinese market that had originally attracted the Western industry was simultaneously creating indigenous companies increasingly capable of competing against it.

This is why I believe General Motors and Ford eventually found themselves confronting something no previous generation of

American automotive management had experienced. They were not merely competing against inexpensive manufacturers operating in a developing economy. They faced competitors emerging from an industrial system of extraordinary scale, supported by the explosive growth of one of the world’s largest economies and increasingly capable of combining domestic demand with international manufacturing ambitions.

Electrification Changed the Competitive Architecture

The timing of electrification made the Chinese challenge still more formidable. The automobile industry had spent more than a century accumulating expertise in internal-combustion engines, transmissions, fuel systems, emissions control and mechanical integration. American, European and Japanese automobile manufacturers possessed generations of knowledge in these technologies.

Electrification did not make this accumulated experience worthless, but it changed the relative importance of different capabilities. Batteries, electric motors, power electronics, semiconductors and software assumed much greater importance. This technological transformation occurred almost exactly when China’s broader manufacturing ecosystem was reaching enormous scale. Established automobile companies therefore faced the difficult task of transforming huge existing industrial systems, while newer competitors could build themselves around a technological architecture that was still developing.

China thus achieved something different from either Japan or Korea. Japan needed exports to achieve its scale ambitions. Korea needed exports even more. China eventually combined a gigantic domestic automobile market with gigantic export-capable

manufacturing capacity. It acquired enormous internal scale before turning increasingly toward foreign markets. That combination is historically unusual and extraordinarily powerful.

The Automobile Is More Than an Assembly Plant

My years on the supplier side of the industry taught me never to think of an automobile assembly plant as an isolated factory. Behind every assembly operation lies an enormous industrial ecosystem composed of steel and aluminum, chemicals and plastics, glass, castings, forgings, stampings, machine tools, dies, molds, motors, gears, electronics, batteries, semiconductors, logistics, software, engineers, skilled trades and thousands of specialized suppliers.

The assembly plant is simply the most visible part of that organism. Losing automotive manufacturing therefore means much more than losing assembly jobs. It can mean losing portions of the industrial ecosystem required to support other forms of sophisticated manufacturing. Once those capabilities disappear, rebuilding them is far harder than announcing a new assembly plant.

This is also why I believe the badge on the hood can distract us from the real industrial question. The nationality of the automobile manufacturer is increasingly less important than the nationality and ownership of the technologies, components, engineering capabilities and supply chains that make the automobile possible.

Japan demonstrated this when it moved from exporting automobiles to manufacturing them inside the United States. Japanese

companies employed American workers and purchased increasing amounts from American suppliers. South Korean manufacturers eventually followed a similar path. There is little historical reason to assume that Chinese manufacturers will forever limit themselves to shipping completed automobiles from Chinese ports. If barriers make exports less attractive, industrial history suggests that capital, technology and production itself will seek other routes into attractive markets.

Protectionism Has Arrived Very Late

This brings me to today’s renewed enthusiasm for protectionism in both America and Europe. Tariffs, industrial subsidies, investment restrictions and local-content requirements are returning after several decades in which globalization and increasingly unrestricted international trade were generally treated as desirable economic objectives.

I am not arguing that protection is never justified. In some circumstances it may be essential to preserve strategic manufacturing capabilities. What concerns me is the assumption that trade barriers can reverse industrial developments that required decades to produce.

A tariff can change the price of an imported vehicle, but it cannot recreate a supplier that disappeared twenty years ago. It cannot produce an experienced toolmaker or manufacturing engineer overnight. It cannot instantly create a battery ecosystem. It cannot reconstruct institutional memory. Most importantly, it cannot by itself cause the management of an industrial corporation to think strategically about manufacturing over a twenty- or thirty-year horizon.

Protectionism can protect capability that still exists much more easily than it can recreate capabilities that have already

disappeared. That is why I regard the current turn toward protection not as the beginning of this story but almost as its final chapter. We are responding to the visible result after allowing the underlying industrial transformation to develop for decades.

Three Asian Challenges, Not One

It would nevertheless be misleading to describe this entire period simply as Asia defeating the Western automobile industry. America and Europe faced three different industrial challenges. Japan demonstrated the power of manufacturing quality, production efficiency, reliability, and persistent export ambition. South Korea combined competitive costs with extraordinarily rapid improvements in engineering, quality, design, and international manufacturing. China has combined an enormous domestic market with manufacturing scale, sophisticated supply chains, batteries, electronics, electrification, industrial policy and intense competition among domestic manufacturers.

These were not three repetitions of the same event. But they shared an important characteristic. Each Asian industry recognized that industrial capability must be accumulated, exercised, and expanded. None could simply declare itself competitive. It had to manufacture, learn, improve, export, and manufacture again.

The United States had a different experience because its domestic market was so large that retreat remained possible. The very market that protected Detroit from the need to conquer the world also let it underestimate companies whose growth strategies required conquering it. Financialization compounded this advantage-turned-weakness because it made retreat toward the most immediately profitable markets and products financially

attractive.

Finance Should Discipline Industrial Strategy, Not Replace It

I want to emphasize that I am not arguing against finance or financial discipline. A company that continually destroys capital will ultimately destroy itself. Investments have to earn returns, and obsolete plants cannot be maintained simply because they once represented important industrial capabilities.

The distinction I am making is different. Finance should measure, challenge and discipline industrial strategy, but it should not substitute for industrial strategy. Earnings per share cannot tell management everything it needs to know about whether another nation is accumulating strategic manufacturing capability. Return on invested capital cannot determine by itself whether maintaining competence in a difficult technology might become critically important fifteen years later. A balance sheet cannot completely value the competitive significance of a supplier network, a generation of experienced manufacturing engineers or an institutional understanding of how a foreign industrial economy is developing.

Financial metrics answer financial questions. An industrial corporation must also answer industrial questions.

What concerns me is that American corporate governance increasingly allowed the answers to the first set of questions to dominate the second. China, meanwhile, was thinking not only about the profitability of individual companies but about accumulating capability across entire industrial sectors. Eventually those different time horizons met in the international marketplace.

What We Will Never Know

After more than fifty years in and around this industry, the question I find most frustrating is one that history cannot answer. Could the American automobile industry have adapted successfully to the Chinese competitive challenge if its manufacturing engineers, materials specialists, supplier-development people, purchasing executives and experienced international managers had retained the strategic standing they once enjoyed?

Perhaps not. China’s enormous scale and economic development may ultimately have produced much the same result. But we will never know because, in my opinion, we never really conducted that experiment. During the very decades when China was accumulating extraordinary industrial capability, significant parts of American manufacturing were moving toward outsourced production, reduced assets, financial optimization, and shorter measures of corporate performance.

We therefore surrendered part of an enormous American competitive advantage before discovering whether it could have protected us. That advantage was not cheap labor. It was not government planning. It was generations of accumulated institutional knowledge about how the world’s most sophisticated mass-production industrial systems were designed, tooled, supplied, operated and improved.

The Great Reversal

When I entered this business in the 1970s, America’s and Western Europe’s automobile manufacturers were putting assembly operations throughout the world. Industrial knowledge flowed predominantly outward from North America and Western Europe. Japan began reversing that flow. Korea followed. China has now

transformed it on a scale that neither predecessor possessed.

At the same time, another reversal was occurring inside American industry. Manufacturing and financial managers once confronted one another as powerful participants in determining corporate strategy. Over time, in my observation, that balance shifted. The authority of the people whose careers were based on understanding factories, tooling, materials, suppliers, engineering and foreign industrial development increasingly had to compete with a corporate culture centered on measurable financial returns and shorter periods of accountability.

This happened at precisely the wrong historical moment. Just as perhaps the greatest industrial competitor in modern history was emerging, we shortened our own field of vision.

When I began my career, I thought primarily about manufacturing. When I entered the international OEM business, I came increasingly to see the automobile industry as a form of international commerce. Looking back after another quarter-century of traveling, observing and commenting upon it, I now regard both definitions as incomplete. The automobile industry is ultimately a system for accumulating industrial capability. Factories manufacture more than products; they manufacture experience. Suppliers produce more than parts; they accumulate knowledge. Engineers do more than improve designs; they create institutional competence. Large markets do more than create customers. At sufficient scale and over sufficient time, they create industries.

That is what happened first in Japan, then in South Korea and, on an extraordinary scale, in China.

The West believed globalization allowed it to manufacture where production was most economically advantageous. We paid too little attention to what the countries receiving that

manufacturing would learn from doing it. We correctly understood that China might become the greatest new automobile market in history. Many of our experienced automotive people also understood that it could become the incubator of a great new automobile industry. What I believe we failed to preserve was the ability of that long-term industrial understanding to carry equal weight with shorter-term financial performance in the highest levels of corporate decision-making.

That is why I resist the easy conclusion that Detroit simply failed to see China coming. The more disturbing possibility is that knowledgeable people inside Detroit saw much of it coming, but the American corporate system was gradually becoming less capable of listening to them.

Today tariffs may buy time. Industrial subsidies may encourage investment. Local-content policies may preserve strategically important capabilities. Some of those measures may be necessary. I do not believe, however, that they can reverse fifty years of accumulated industrial learning. Money can build a factory, but money alone cannot instantly reproduce the experience accumulated by the people, suppliers, engineers and institutions that make the factory competitive.

The American domestic market protected Detroit from the consequences of these developments for much longer than smaller national markets could have protected their own automobile industries. Financialization further shortened our corporate horizon. Now, after Japan, after Korea, and finally after the extraordinary industrial rise of China, we are attempting to address a fundamentally industrial transformation with tariffs and financial incentives.

After more than half a century around this industry, my conclusion is simple. We once understood that financial strength

followed industrial strength. Somewhere along the way, we increasingly behaved as though financial strength could substitute for industrial strength. It cannot.

China did not merely build automobiles. It built the capability to build automobiles, to build the components from which automobiles are made, to improve them, to redesign them and eventually to compete for the world’s automobile markets. We concentrated increasingly on measuring the financial value of what we already possessed while paying insufficient attention to the industrial knowledge and capability accumulating elsewhere.

Once an industrial capability has been transferred, learned, improved upon, scaled and embedded in an entire national manufacturing ecosystem, money alone cannot easily buy it back. Nor, in my opinion, can tariffs turn the clock back to 1978.

That is the real history I believe I have witnessed: not simply the globalization of the Western automobile industry, but its financialization, the gradual reversal of its globalization, and the movement of the center of automotive industrial power from Detroit and Western Europe toward Japan, then Korea and now China. The question remaining for America and Europe is no longer how to restore the world in which I began my career. That world is gone. The important question is whether we can recover enough respect for manufacturing, engineering, material knowledge, industrial continuity, and long-term strategic thinking to compete effectively in the world that replaced it.